

State of Rhode Island and Providence Plantations

Department of Business Regulation

INSURANCE DIVISION

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**Subject: Commercial Special Risks, R.I. General Law §27-65**

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**From: Paula M. Pallozzi, Chief Property & Casualty Rate Analyst**

**P&C- 00-01**

Effective June 18, 1999, the Rhode Island General Assembly passed the Commercial Special Risks Statute which exempts certain **commercial** risks from rate & form filing statutes. Risks qualify for exemption by either meeting the definition of a Specifically Designated Commercial Special Risk (see A) or as a Commercial Special Risk (see B). Please refer to statute for detailed language, as this is only an outline.

**A. Specifically Designated Commercial Special Risks-** Under §27-65-1(a)(4), the following lines of business are deemed a Specifically Designated Commercial Special Risk and qualify for exemption from rate and form filing statutes:

- (i) Highly Protected Risks (as defined under §27-5-2.1(4))
- (ii) Commercial insurance aviation risks
- (iii) Credit property insurance (as defined under §27-65-1(a)(4)(iii))
- (iv) Boiler and Machinery risks (v) Inland Marine risks (vi) Fidelity and surety risks

**B. Commercial Special Risks\*-** Under §27-65-1(a), commercial special risks qualify for exemption by meeting **one** of the following:

- 1. Risks which are written on an excess or umbrella basis.
- 2. Risks which are not rated according to manuals, rating plans or schedules, including “a” rates.
- 3. Risks which employ the services of a “risk manager” as defined in §27-65-2 and which also meets any **one** of the following criteria:
  - 1. net worth > \$50,000,000
  - 2. net revenue/sales over \$100,000,000
  - 3. >500 employees per individual company or  
>1000 employees per holding company in the aggregate
  - 4. aggregate premiums >\$150,000, excluding group life, group health, workers compensation and professional liability (including but not limited to errors and omissions and director’s and officers liability)
  - 5. is a non-profit or public entity with an annual budget or assets of at least \$45,000,000 or
  - 6. is a municipality with a population of over 50,000

**Special Notes:**

- 1. \*Pursuant to §27-65-1(b), the following lines of business shall remain subject to all rate and form filing requirements: life, annuities, accident & health, automobile, workers’ compensation & employers liability and insurance issued through residual market mechanisms.
- 2. **Pursuant to §27-65-1(c), insurers are required to provide a disclosure notice to any risk/insured that qualifies for exemption. The insurer must disclose that the forms and rates are exempt from filing and approval requirements. Records of such disclosures shall be maintained by insurer. Insurers are not required to submit the notice to this office for approval.**
- 3. Pursuant to §27-65-1(d), surplus line brokers for exempt commercial policyholders as defined in §27-65-1(a)(3) shall be exempt from the due diligence requirements of §27-3-38(b).

